

# FY 2009-10 BUDGET

## BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

### A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations and two treatment plants.

### B. Financial Summary

Section				NET COST/USE OF FUND BALANCE		
	FY 08-09 Adopted	FY 09-10 Requested	Percent Change	FY 08-09 Adopted	FY 09-10 Requested	Percent Change
Operations	\$544,600	\$556,981	2.27%	\$112,496	\$99,828	(11.26%)
Construction	120,000	40,000	(66.67%)	80,000	38,950	(51.31%)
<b>TOTAL:</b>	<b>\$664,600</b>	<b>\$596,981</b>	<b>(10.17%)</b>	<b>\$192,496</b>	<b>\$138,778</b>	<b>(27.91%)</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 07-08 Actual	FY 08-09 Budget Estimate	FY 08-09 Revised Estimate	FY 09-10 Projected	Change from FY 08-09 Budget Estimate
Total Ends	567	567	573	573	1.06%
Total Pans	835	835	835	835	0.00%

### E. Summary of Issues and Significant Changes

The Sea Ranch Sanitation Zone (Sea Ranch SO) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities are disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SO facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August of 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SO. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

The requested rate per END for FY 09-10, annual sewer service charge, is \$824, representing a 6.5% increase from FY 08-09.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: **SANITATION ZONE 1 - SEA RANCH - OPERATIONS**  
Section/Index No: **678102**

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

**REVENUES:**

**TAXES**

1001 Flat Charges - CY	\$421,304	\$453,266	\$31,962	7.59%
1061 Flat Charges - PY	3,000	2,000	(1,000)	(33.33%)
1120 Penalties / Costs on Taxes	600	400	(200)	(33.33%)
<b>Subtotal Taxes</b>	<b>\$424,904</b>	<b>\$455,666</b>	<b>\$30,762</b>	<b>7.24%</b>

**USE OF MONEY**

1700 Interest on Pooled Cash	\$7,200	\$1,488	(\$5,713)	(79.34%)
<b>Subtotal Use of Money</b>	<b>\$7,200</b>	<b>\$1,488</b>	<b>(\$5,713)</b>	<b>(79.34%)</b>

**CHARGES FOR SERVICES**

3400 Sanitation Services	\$0	\$0	\$0	N/A
<b>Subtotal Charges for Services</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL REVENUES</b>	<b>\$432,104</b>	<b>\$457,153</b>	<b>\$25,049</b>	<b>5.80%</b>
-----------------------	------------------	------------------	-----------------	--------------

**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6040 Communications	\$5,000	\$3,000	(\$2,000)	(40.00%)
6140 Maintenance- Equipment	5,000	5,000	0	0.00%
6180 Maintenance - Bldgs / Imp	75,000	50,000	(25,000)	(33.33%)
6522 District Services	10,000	45,000	35,000	350.00%
6523 District Operations	97,000	125,000	28,000	28.87%
6540 Contract Services	200,000	200,000	0	0.00%
6570 Consultant Services	4,000	0	(4,000)	(100.00%)
6573 Administration Costs	4,000	4,000	0	0.00%
6610 Legal Services	3,000	13,000	10,000	333.33%
6629 Fiscal Accounting Services	5,000	4,681	(319)	(6.38%)
7206 Equipment Usage Charges	3,000	3,000	0	0.00%
7217 State Permits / Fees	12,000	19,000	7,000	58.33%
7320 Utilities	35,000	35,000	0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$458,000</b>	<b>\$506,681</b>	<b>\$48,681</b>	<b>10.63%</b>

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
<b><u>OTHER CHARGES</u></b>				
7980 Depreciation	\$35,600	\$39,300	\$3,700	10.39%
<b><i>Subtotal Other Charges</i></b>	<b>\$35,600</b>	<b>\$39,300</b>	<b>\$3,700</b>	<b>10.39%</b>
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$40,000	\$0	(\$40,000)	(100.00%)
<b><i>Subtotal Other Financing Uses</i></b>	<b>\$40,000</b>	<b>\$0</b>	<b>(\$40,000)</b>	<b>(100.00%)</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Appropriations for Contingencies	\$11,000	\$11,000	\$0	0.00%
<b><i>Subtotal Approp. for Contin.</i></b>	<b>\$11,000</b>	<b>\$11,000</b>	<b>\$0</b>	<b>0.00%</b>
<b><u>TOTAL EXPENDITURES</u></b>				
	<b>\$544,600</b>	<b>\$556,981</b>	<b>\$12,381</b>	<b>2.27%</b>
<b><u>TOTAL NET COST</u></b>				
<i>(Expenditures Minus Revenues)</i>	<b>\$112,496</b>	<b>\$99,828</b>	<b>(\$12,668)</b>	<b>(11.26%)</b>

**FY 2009-10 BUDGET**  
**CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation  
Section Title: Sanitation Zone - Sea Ranch - Operations

Character Title: Taxes

Character No.: 678102-10

**1001 Flat Charges - CY**

Flat charge revenue from annual sewer service charges is expected to increase from the adopted FY 08-09 budget. The rate will increase 6.5%, from \$774 to \$824

ESDs times annual rate:	573 x \$824	\$472,152
Less Estimated Delinquency Factor:	4%	(18,886)
		<hr/>
		\$453,266

(See SubObject 3400 for Total ESDs)

**1061 Flat Charges - PY**

This item records the estimated delinquent amount of prior years sewer service charges.

**1120 Penalties / Costs on Taxes**

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 678102-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$85,000
Projected Interest Rate	1.75%
	<hr/>
Projected/Planned Interest on Pooled Cash	\$1,488

Character Title: Charges for Service

Character No.: 678102-30

**3400 Sanitation Services**

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges-CY, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. New hook-ups in this area are unpredictable.

**6040 Communications**

This account records expenses paid by the Zone for outside communication and wireless services, as well as for the cost of alarm services.

**6140 Maintenance - Equipment**

This account records the costs for routine maintenance of equipment.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the treatment plant and collection system.

**6522 District Services**

This accounts records the service and supply type items associated with operations and maintenance of the Zone's facilities. Our recent cost experience indicated that higher costs may be incurred during the forthcoming year.

**6523 District Operations**

This account records the cost of labor and overhead associated with operations and maintenance of the Zone's facilities. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations. Costs are estimated to be higher due to the potential transfer of ownership.

**6540 Contract Services**

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants.

**6570 Consultant Services**

This account records the cost of consultant services required in support of special projects. No funds will be budgeted in FY 09-10.

**6573 Administration Costs**

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required. Costs are estimated to be higher due to the potential transfer of ownership.

**6629 Fiscal Accounting Services**

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to Zone's accounting.

**7206 Equipment Usage Charges**

This item is requested to provide funds for equipment usage.

Character Title: Services and Supplies (Continued)

Character No.: 678102-60

**7217 State Permits / Fees**

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

**7320 Utilities**

This account records the cost of payments made for utilities such as gas, electricity, and water.

Character Title: Other Charges

Character No.: 678102-75

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Other Financing Uses

Character No.: 678102-86

**8625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year. No operating transfer will be budgeted for FY 09-10.

Character Title: Appropriations for Contingencies

Character No.: 678102-90

**9000 Appropriations for Contingencies**

This account provides funding for unanticipated expenditures or revenue shortfalls.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
Section: Sanitation Zone - Sea Ranch - Operations  
Index No.: 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <b><u>BEGINNING</u></b> Fund Balance Available for Budgeting (See Detailed Components Below)	\$272,147	\$246,509	\$152,861
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	431,670	431,192	\$457,154
Expenditures - (Decrease) fund balance	(485,257)	(561,930)	(556,981)
<b>Net Surplus or Deficit - Increase/(Decrease) to fund balance</b>	<b>(\$53,587)</b>	<b>(130,738)</b>	<b>(99,827)</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 - Depreciation	28,861	34,263	39,300
Change in Encumbrance	(912)	2,827	-
<b>Net Adjustment - Increase/(Decrease) to Fund Balance</b>	<b>27,949</b>	<b>37,090</b>	<b>39,300</b>
Undesignated/Unreserved <b><u>ENDING</u></b> Fund Balance Available for Budgeting	\$246,509	\$152,861	\$92,334
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	<b>(\$25,639)</b>	<b>(\$93,648)</b>	<b>(\$60,527)</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>	
Cash	\$300,857	\$279,318	
Accounts Receivable	2,148	4,769	
Accounts Payable	(28,943)	(34,751)	
Encumbrance	(1,915)	(2,827)	
<b>Total Beginning Fund Balance</b>	<b>\$272,147</b>	<b>\$246,509</b>	

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

**Section Title:** SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION  
**Section/Index No:** 678300

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
--------------------------	--------------------	----------------------	------------	-------------------

**REVENUES:**

**USE OF MONEY**

1700 Interest on Pooled Cash	\$0	\$1,050	\$1,050	N/A
<b>Subtotal Use of Money</b>	<b>\$0</b>	<b>\$1,050</b>	<b>\$1,050</b>	<b>N/A</b>

**OTHER FINANCING SOURCES**

4625 OT - W/in Special Dist - BOS	\$40,000	\$0	(\$40,000)	(100.00%)
<b>Subtotal Other Financing Sources</b>	<b>\$40,000</b>	<b>\$0</b>	<b>(\$40,000)</b>	<b>(100.00%)</b>

<b>TOTAL REVENUES</b>	<b>\$40,000</b>	<b>\$1,050</b>	<b>(\$38,950)</b>	<b>(97.38%)</b>
-----------------------	-----------------	----------------	-------------------	-----------------

**EXPENDITURES:**

**FIXED ASSETS**

8510 Buildings / Improvements	\$80,000	\$0	(\$80,000)	(100.00%)
9142 Capital Replacement Program	40,000	40,000	0	0.00%
<b>Subtotal Fixed Assets</b>	<b>\$120,000</b>	<b>\$40,000</b>	<b>(\$80,000)</b>	<b>(66.67%)</b>

<b>TOTAL EXPENDITURES</b>	<b>\$120,000</b>	<b>\$40,000</b>	<b>(\$80,000)</b>	<b>(66.67%)</b>
---------------------------	------------------	-----------------	-------------------	-----------------

<b>TOTAL NET COST</b>	<b>\$80,000</b>	<b>\$38,950</b>	<b>(\$41,050)</b>	<b>(51.31%)</b>
<i>(Expenditures Minus Revenues)</i>				

## FY 2009-10 BUDGET

### CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character Title: Use of Money

Character No.: 678300-17

#### **1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$60,000
Projected Interest Rate	<u>1.75%</u>
Projected/Planned Interest on Pooled Cash	\$1,050

Character Title: Other Financing Sources

Character No.: 678300-46

#### **4625 OT - W/in Special Dist - BOSS**

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. No transfer will be made for FY 09-10.

Character Title: Fixed Assets

Character No.: 678300-85

#### **8510 Buildings / Improvements**

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. No project are planned for FY 09-10.

#### **9142 Capital Improvement**

The amount requested for the forthcoming year is intended to be used for the replacement of electrical and mechanical equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
Section: Sanitation Zone - Sea Ranch - Construction  
Index No.: 678300

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Fund Balance</b>			
<b>Available for Budgeting</b> (See Detailed Components Below)	<b>\$544,007</b>	<b>\$220,774</b>	<b>\$107,645</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase fund balance	(3,070)	6,424	1,050
Expenditures - (Decrease) fund balance	(453,061)	(119,553)	(40,000)
<b>Net Surplus or Deficit</b> - Increase/(Decrease) to fund balance	(456,131)	(113,129)	(38,950)
<b>Adjustments to Reserves/Encumbrances:</b>			
Change in Encumbrances	129,347	-	-
Reclass of PY CIP To Ops	25,087	-	-
Transfer of CIP From ALW for Generator	(1,286)	-	-
Post Audit Adjust - Allowance for Uncollected A/R	(20,250)	-	-
<b>Net Adjustment</b> - Increase/(Decrease) to Fund Balance	132,898	-	-
<b>Undesignated/Unreserved <u>ENDING</u> Fund Balance</b>			
<b>Available for Budgeting</b>	<b>\$220,774</b>	<b>\$107,645</b>	<b>\$68,695</b>
<b>Total Increase/(Decrease) in Fund Balance for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>(\$323,233)</b>	<b>(\$113,129)</b>	<b>(\$38,950)</b>
<b><u>Fund Balance Components at Beginning of FY</u></b>	<b>7/1/07</b>	<b>7/1/08</b>	
Cash	\$665,323	\$220,774	
Accounts Receivable	20,250	20,250	
Allowance for Uncollected A/R	-	(20,250)	
Payables	(12,219)	-	
Deferred Revenue	-	-	
Encumbrances	(129,347)	-	
<b>Total Beginning Fund Balance</b>	<b>\$544,007</b>	<b>\$220,774</b>	